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# GLOBAL MONITOR

## The Joint Vienna Institute

André Broome

How does the intellectual role played by international training organisations fit into the contemporary architecture of global governance? The international diffusion of economic policy ideas represents one of the core dimensions of contemporary global governance, which has generated heated controversy in recent years with international institutions such as the International Monetary Fund (IMF) and the World Bank castigated for championing a 'one-size-fits-all' brand of neoliberal economic reform. Yet while substantial scholarly attention has focused on analysing the effects of the formal compliance mechanisms that the IMF and the World Bank rely on to implement neoliberal policy changes in borrowing countries, such as loan conditionality, less attention has been devoted to exploring the intermediate avenues through which neoliberal ideas travel from global governance institutions to national governance contexts. This article aims to address this gap in the study of contemporary global governance and neoliberal policy diffusion through critically examining the evolving role of the Joint Vienna Institute (JVI), an international training organisation set up after the end of the Cold War to transmit global 'best practice' economic policy ideas to national officials in post-communist economies.

Compared with the activities of global governance institutions that provide external credit, such as the IMF and the World Bank, the JVI operates quietly in the background, and the influence of its activities on national policymaking is both far less direct and harder to quantify than the influence of institutions that can apply policy conditionality through loan agreements, or which hand down legal rulings on international trade disputes like the World Trade Organisation (WTO). However, since the establishment of the JVI in 1992 as an international training organisation to consolidate the shift towards market-based economies in East and Central Europe, the former Soviet Union and Asia, the institution has trained approximately 23,000 individuals in market-based economic governance and institution building. The JVI performs the role of a diffuser of economic ideas based on ideational templates and standards that are determined by other agencies, but its role is particularly important because it operates at an individual level of intellectual socialization. If the Bank for International Settlements (BIS) can be conceived as the 'IT staff' of the world economy (Seabrooke 2006) and the international standards specified by the International Organization for Standardization are understood as providing 'a lubricant for global trade', (Heires 2008) then the JVI can be thought of as akin to an international 'boot camp' for policymakers from former centrally-planned economies.

This *Global Monitor* article proceeds as follows. First, I briefly outline the processes through which global governance institutions such as the IMF and the World Bank sought to influence the transformation of post-communist economies into market-based economies, and how the establishment of the JVI augmented these efforts by creating an intermediate avenue for policy diffusion. Second, I examine the development of the JVI's training programme, and analyse the political ramifications of the JVI's role in the naturalization of neoliberal policy paradigms. Third, I discuss the recent evolution of the JVI's training activities, focusing in particular on how the JVI's socialization role augments broader processes of policy convergence such as European integration. The article concludes by highlighting the need for global governance scholarship, and especially policy diffusion research, to pay greater attention to analysing the longer-term processes and intermediate avenues through which ideas travel between international and national levels of interaction in the global political economy.

### **Policy diffusion and post-communist transformation**

International training organisations such as the JVI form an important, although typically under-researched, component of the intellectual projects of contemporary global governance institutions. The diffusion of global policy norms is commonly conceived as a binary process, whereby global governance institutions such as the IMF and the World Bank act as norm champions that aggressively promote global 'best practice' policy reforms, and member states are typically assumed to play a more passive role as policy takers. There are two principal limitations to this implicit assumption of a binary division in the process of policy diffusion between global governance institutions as norm champions and member states – especially developing economies – as norm receivers. First, individual governments may actively seek to contest global policy norms, or may significantly modify global 'best practice' policy ideas in order to effectively translate them into a particular national context (see, for example, Broome 2006). Second, the assumption of a binary policy diffusion process risks ignoring the importance of a range of *intermediate* avenues through which the meaningful content of ideas for big ticket policy changes is communicated to national actors. This policy learning process has been particularly important in the case of post-communist policymakers, for reasons discussed further below.

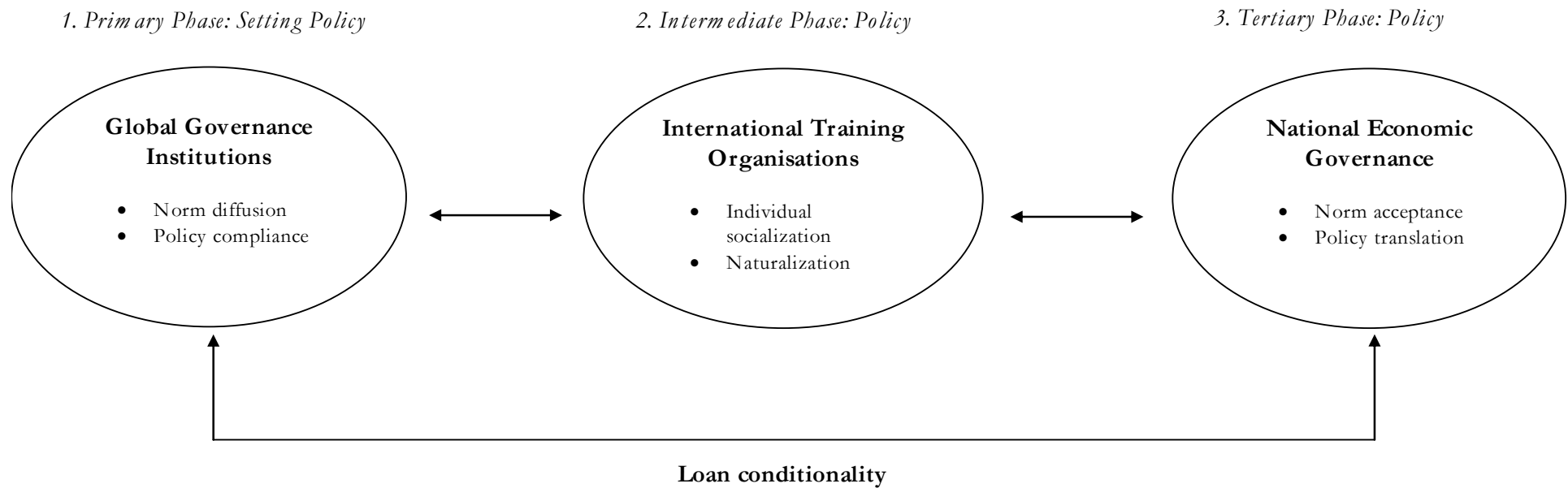
The activities of international training organisations like the JVI are important to investigate precisely because they have tended to operate 'below the radar' of recent global governance scholarship, yet they play an important intermediate role in facilitating the individual-level socialization of national actors to accept neoliberal economic governance norms. This is illustrated by an 'ideal type' of three stages of successful intellectual socialization in Figure 1, whereby ideational change is achieved by linking up the big ticket policy reforms that are stipulated in IMF and World Bank loan agreements with a practical grasp of how to operationalize new policy frameworks.

The intermediate role that the Joint Vienna Institute plays in the process of socializing national officials to accept new norms of national economic governance holds particular relevance for scholars who focus on global governance and the diffusion of neoliberal ideas. In short, the JVI's role centers on the intellectual socialization of national policymakers into a common cognitive framework for thinking about: (1) how market economies ought to work; (2) what are the appropriate instruments and goals of economic policy; and (3) where the line should be drawn with respect to the limits of state intervention in the economy. While a substantial body of existing research has examined how global governance institutions have aimed to

encourage institutional change and structural adjustment in national economies (see Barnett and Finnemore 2004; Epstein 2006; Simmons and Elkins 2004), the added value of exploring the specific role of the JVI is that the institution aims to foster socialization and ideational change at an individual level (Nsouli 2003). Through individual-level interactions, the JVI's activities have significant implications for the ongoing political process of 'naturalizing' the post-communist transition to market-based economies and embedding a more limited role for the state as an economic manager, and also feed into controversial ideational contests over the future policy orientation of post-communist economies. Among other things, the shared experiences of intellectual socialization through the JVI's policy training programmes can shape the ideational context within which national actors seek to reconfigure their existing economic policies and regulatory institutions (Appel 2000), and can help to naturalize neoliberal economic governance frameworks as 'common sense' rather than politically-contestable policy choices (see Hopf 2002; Shields 2008).

The establishment of the Joint Vienna Institute in 1992 represented a recognition within existing global governance institutions that the wholesale transformation of a country's economic system could not be achieved overnight or through the short-term time horizons of IMF and World Bank loan programmes. While new policy rules may be written and adopted by fiat within a short space of time when a country faces a systemic shock such as the collapse of central planning mechanisms, successfully implementing a new policy framework requires a substantial shift in how national officials think about the economy, a process which depends as much on how national officials learn to make use of new policy frameworks as on the nature of the reforms themselves. In this respect, effective policy change relies on changing actors' ideas in order to add meaningful content to the new 'rules of the game', and to enable national officials to overcome the confusion they may face in determining an appropriate course of action in a new and uncertain environment.

**Figure 1.** Three stages of intellectual socialization in post-communist economies



An important goal of the global governance institutions that continue to be involved with supporting the post-communist ‘transition’ is to *naturalize* the adjustment to liberal capitalism by redefining a liberal market-based economic system as ‘normal’ (Pusca 2007). Although the transition to a market-based economy has since proven to be a far more protracted and difficult process than many observers initially expected in the immediate aftermath of the Cold War, from the beginning international policy elites recognised that a crucial part of the process of economic transformation would involve educating policymakers and officials from former centrally-planned economies in order to familiarise them with the regulatory mechanisms for managing a very different type of economic system. Despite the experience of *perestroika* under Mikhail Gorbachev in the 1980s, for example, during the liberalization process that eventually culminated in the dissolution of the Soviet Union at the end of 1991 the Soviet bureaucracy remained adept at resisting top-down attempts to implement formal changes in the Soviet Union’s regulatory architecture (Gregory 1990). Moreover, as advisors who were on the ground in the former Soviet republics during the early years of independence observed, a major problem facing local policymakers was that Soviet-trained economists had little understanding of how market mechanisms worked (Pomfret 2002). Of particular importance, for instance, was the need for systemic monetary reform in order to make credit money symbolically and functionally equivalent to cash money, and to introduce hard credit constraints on state-owned firms that were accustomed to easy access to soft credit to fulfill centrally-determined production targets. Yet the successful achievement of market-based monetary reforms depended upon radically altering how the role of money was understood in centrally-planned economies, which proved to be a long drawn-out process within post-communist policy communities (Broome 2009). This kind of epistemic change required an incremental process of *individual socialization* through international training organisations, which complemented the broader norm diffusion and policy compliance strategies inherent in the IMF and the World Bank’s loan programmes.

In order to facilitate the epistemic shift from central planning methods of economic governance to market-based economic policies, existing global governance institutions became closely involved with the provision of market-oriented economic policy training within post-communist economies, as well as providing technical assistance that included stationing economic advisers within central banks, finance ministries and other government agencies in East and Central Europe and the newly independent countries of the former Soviet Union. Through the provision of technical assistance global governance institutions such as the IMF and the World Bank resemble less agents of ‘coercive’ transfer of ideas and information, which is associated with the policy conditions included in loan agreements, and instead act more as agents of ‘voluntary’ transfer and persuasion (Dolowitz and Marsh 2000). For instance, governments tend to actively seek technical assistance from the IMF, rather than being driven into its arms by the need for emergency credit in a balance of payments crisis.

In general, technical assistance may often prove to be a more attractive option for governments than IMF and World Bank loan programs that involve a higher ‘participation threshold’ because they diminish decision-makers’ policy autonomy. Yet technical assistance can still involve a strong element of constraint, as the staff of the IMF and the World Bank do not present country officials with a wide menu of policy options from which to choose so much as the diffusion of what these institutions see as global ‘best practice’. Because domestic factors determine how successfully global policy norms take root locally, however, technical assistance

can potentially involve a ‘transfer of policy knowledge but not a transfer of policy practice’ (Stone 2004), or may instead spark a process of institutional *bricolage* whereby external ideas are modified by national officials in order to translate external policy advice into their specific domestic context (Broome and Seabrooke 2008: 208-9).

The economic policy training and other technical assistance activities of global governance institutions nonetheless remain geared towards altering a state’s economic policy orientation (see Epstein 2006: 1020). For example, economic policy training can potentially help establish the ideational conditions that set the foundations for reform implementation in future IMF and World Bank loan programs. In particular, the provision of economic training through an institution like the JVI encourages officials to be more receptive to global policy norms by making them more familiar with how they work, and through promoting institutional changes that are essential for loan policy conditions to be effective such as altering the statistical techniques that are used to measure a country’s economic performance. Furthermore, the provision of economic policy training can be a crucial mechanism for promoting social interaction and deliberation between national and international policy elites (cf. Spendzharova 2008: 439-40), which may help to foster a transnational policy network with similar worldviews and common policy paradigms. Combined with the material incentives contained within IMF and World Bank loan programmes, such intermediate avenues for intellectual socialization can reinforce the persuasion of national officials to adopt ‘norm-conforming’ behaviour, and can gradually cultivate the ideational conditions necessary for naturalizing the shift to liberal market capitalism and neoliberal policy models.

### **Developing a neoliberal toolkit for post-communist policymakers**

In order to facilitate the process of transition to a market-based system in former centrally-planned economies through fostering intellectual socialization among individual officials, the establishment of the Joint Vienna Institute in 1992 was a cooperative venture between five international institutions – the IMF, the World Bank, the BIS, the Organisation for Economic Cooperation and Development (OECD) and the European Bank for Reconstruction and Development (EBRD) – as well as the Austrian central bank and Ministry of Finance. The JVI was specifically designed to be an international training organisation for post-communist policymakers, which would initially deliver basic courses in economic policy training that were deemed relevant to the process of market-based reform in former centrally-planned economies. While multilateral technical assistance programmes that involve stationing IMF and World Bank staff within a country’s agencies of government aim to encourage institutional change, and the policy dialogue and loan programmes between the IMF and the World Bank and national authorities aim to encourage structural economic change, the policy education provided through international training organisations is intended to foster intellectual socialization at an individual level. As such, the establishment of the JVI comprised one of the institutional innovations adopted by existing global governance institutions to shape the post-communist transition toward market-based mechanisms of national economic governance (see Broome 2008, 2010).

International training organisations are not new, and both the IMF and the World Bank have long provided economic policy training to member state officials through the IMF Institute (established in 1964) and the World Bank Institute (initially established as the Economic Development Institute in 1955 and renamed in 2000). More recently, the number of international training organisations has expanded to further strengthen the diffusion of global

policy norms to national policymakers on an individual level. The BIS and the Basel Committee on Banking Supervision jointly set up the Financial Stability Institute in 1999 to promote common standards and to disseminate new information on financial supervision and to provide online policy learning facilities, while the IMF and the World Bank set up the Joint Africa Institute based in Abidjan in partnership with the African Development Bank in 1999, and the IMF set up the Singapore Regional Training Institute in cooperation with the Singapore government in 1998.

Because of the specific policy challenges inherent in the political project to convert former centrally-planned economies into market-based economies, the JVI was intended to be a policy learning forum dedicated to fostering an epistemic shift among post-communist policymakers. Following preliminary discussions with the Austrian authorities, in November 1991 the IMF Managing Director Michel Camdessus proposed to the President of the European Commission and the main global governance institutions that were involved with coordinating technical assistance for the Soviet Union to establish a new regional training centre specifically to provide economic policy training for officials from former centrally-planned economies. Three broad models for the formation of a new training organisation were considered, including: (1) establishing informal arrangements between sponsoring institutions; (2) formally establishing a new training organisation as an Austrian entity; and (3) formally establishing a new training organisation under international law (IMF 1993a). In line with the preferences of the Austrian authorities, it was subsequently agreed that the new training centre would be established by agreement among the sponsoring institutions as an independent international organisation, which would possess its own legal personality, in order to gain optimum treatment under Austrian legislation (including ‘most-favoured organisation’ status, which confers on the JVI the same tax privileges, immunities and other benefits enjoyed by any other intergovernmental organisation based in Austria) (Republic of Austria 1997).

From the start, the agenda for the JVI was largely driven by the IMF. While the aim of the venture was to collaborate to pool the respective resources of each participating institution, the IMF played the lead role in the new organisation, and the IMF’s Legal Department was responsible for drawing up the draft statute that established the JVI as an international organisation with its own legal personality separate from its sponsors. Because the establishment of a collaborative international training organisation offered the potential to greatly enhance the effectiveness of the IMF’s broader effort to influence economic transformation and to promote neoliberal institutional changes in post-communist countries, the idea for the JVI was strongly supported at all levels of the IMF, including the Managing Director, the Executive Board and the staff. When the proposal to establish the JVI was discussed in an IMF Executive Board meeting in July 1992, for instance, several Board members argued that it would be a key mechanism through which to fill the knowledge gap that existed among post-communist officials with respect to market-based regulatory mechanisms, a gap which had proven to be much larger than the IMF and other international institutions had anticipated (IMF 1992a: 45).

The institutions involved in the proposal for the JVI agreed that the costs for the new organisation would be shared between the sponsoring institutions and the Austrian authorities, which strongly championed the idea to host a dedicated international training organisation for post-communist policymakers in Vienna. The alternate IMF Executive Director representing the Austrian authorities, Johann Prader, indicated that the Austrian government strongly supported the establishment of the JVI because of the Austria’s geographical proximity to and its economic



relationships with former centrally-planned economies in Europe, because of its long-standing policy of encouraging international organisations to maintain offices in Vienna and because the Austrian authorities believed that ‘training and the transmission of expertise will be among the most enduring contributions we can make to the transformation and adjustment process’ in post-communist states (IMF 1992a: 22). The Austrian government agreed to provide teaching and accommodation facilities located in a new customs training school in Vienna, with teaching and office equipment provided by the Oesterreichische Nationalbank (the Austrian central bank). Operating expenses (including staff, travel and translation costs) would be shared between the individual institutions and would be offset by bilateral donations from individual states such as the Netherlands, Switzerland and Belgium, with the IMF initially making the largest contribution to teaching and financing as a way of extending the policy training efforts of the IMF Institute in post-communist economies (IMF 1992b: 1-4).

The establishment of the Joint Vienna Institute was a relatively rare example of a new international organisation being legally created as a joint venture among existing global governance institutions, each of which was involved with shaping the transformation of national economic governance frameworks in post-communist economies. As IMF Managing Director Michel Camdessus wryly noted when the JVI officially opened its doors, the establishment of the JVI ‘demonstrated that there are important exceptions to the principle that the most difficult form of international cooperation is cooperation among international organizations’ (IMF 1992c). The collaborative nature of the JVI’s policy training curriculum was established in two phases. In Phase I the JVI’s operations were conducted under informal interim arrangements approved by a steering committee comprised of representatives from the five sponsoring institutions (the IMF, the World Bank, the EBRD, the OECD and the BIS), which were later formalized in the ‘Agreement for the Establishment of the Joint Vienna Institute’ in 1993. For legal reasons the European Commission did not become a founding member of the JVI, although the Commission was a strong supporter of the establishment and ongoing development of the organisation, and has regularly offered JVI courses in order to familiarise post-communist officials with EU policy norms. Under the agreement to establish the JVI, the organisation’s activities were governed by an Executive Board that comprised one member and one alternate member from each of the parties to the agreement, which would take most decisions by majority vote, while the everyday business of the JVI would be managed by a Director who serves for renewable terms of two years (IMF 1993b).

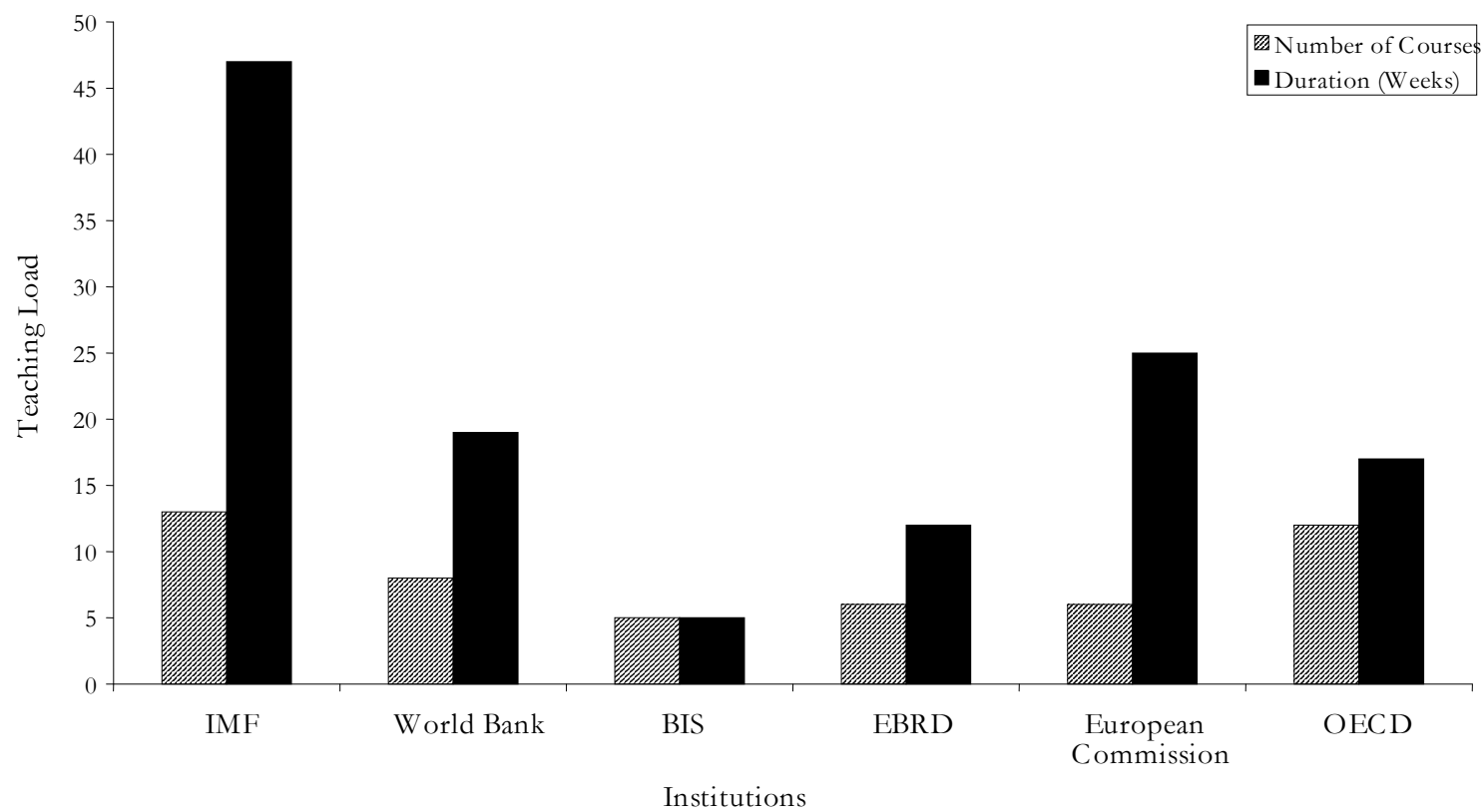
After reaching an agreement to proceed with the establishment of the JVI, a teaching programme to equip post-communist policymakers with a market-oriented policy toolkit was rapidly developed. At the first planning meeting for the JVI among representatives of the Austrian authorities, the European Commission, the BIS, the EBRD, the World Bank, the OECD and the IMF in Vienna in February 1992, it was agreed that during the initial year-long phase of the new training organisation the sponsoring institutions would each provide and manage courses themselves from September 1992. In Phase II, starting in September 1993, the participating institutions would shift towards the joint administration of two integrated training programmes and operate a unified budget (except for teaching staff costs). The first training programme comprised a ‘core’ programme of teaching in public administration and economic management, to last several months with participants including junior and mid-level officials, policy advisors and staff from national training centres, while the second component comprised a ‘satellite’ training programme of teaching based around short seminars for high-level national

officials to complement the core programme (IMF 1992b: 2, 4). The JVI therefore aimed to foster ideational change across all levels of national policy communities within post-communist economies, geared towards a long-term process of generational change as junior officials trained by the JVI graduated up the ranks into more senior policymaking positions when older officials, who were more accustomed to central planning mechanisms, retired.

In contrast to most of its sponsor organisations, the JVI does not exercise a direct influence on the process of policy change in post-communist economies through setting the policy reform agenda or enforcing policy compliance. Instead, as outlined above in Figure 1, the JVI constitutes an intermediate avenue to foster post-communist transformation towards market-based national economic governance frameworks through promoting ideational change across all levels of national policymaking. In this respect, the material incentives for market-based policy reforms that IMF and World Bank loans and the possibility of future EU or GATT/WTO membership offered to the governments of post-communist economies were reinforced by a gradual process of intellectual socialization through policy training at the JVI. The importance of changing the cognitive paradigms national officials relied on to inform economic policymaking was explicitly recognized by the IMF. For example, in his speech at the official opening of the JVI in October 1992, IMF Managing Director Michel Camdessus drew particular attention to the need for institution building in former centrally-planned economies to facilitate the shift to a market-based economy, and noted that ‘these new institutions need personnel with new skills, new knowledge, and new habits of mind’ (IMF 1992c). The JVI was to play a crucial role in this process of shifting policymakers’ ‘habits of mind’ through rapidly enlarging the pool of highly-trained officials in post-communist countries that were familiar with market-based mechanisms of national economic governance.

From the start, the range of international institutions involved in teaching allowed the JVI to offer a wide variety of policy-oriented courses with different degrees of specialization, all of which were geared towards developing a comprehensive intellectual toolkit for shifting from centrally-planned economies towards liberal market capitalism. During Phase I of the new organisation, for example, the teaching load was roughly divided among the sponsoring organisations as follows. The BIS offered courses in central banking, monetary techniques in transition economies and payment systems, while the EBRD offered courses in privatisation and developing the private sector. The European Commission offered courses in budgetary policy, monetary control, competition policy and building the European Community, while the OECD offered courses in public procurement, public sector management, competition policy, social policy and active labour market policy, as well as more specialized fiscal policy courses for tax officials. The World Bank’s training focused on privatisation and restructuring, regulating natural monopolies, environmental management, public expenditure management and corporate governance. The IMF, which shouldered the largest burden of policy training (see Figure 2), provided courses in public expenditure, macroeconomic policy, bank supervision, public finance and statistics and balance of payments statistics. The IMF was also responsible for teaching the JVI’s introductory-level courses in basic economics and courses in transition and adjustment (IMF 1992b: 7-8). Yet despite the variety of course topics that the JVI offered, the training curriculum privileged the promotion of neoliberal economic principles and policy practices rather than offering a menu of alternative approaches to the policy challenges that post-communist policymakers faced.

**Figure 2.** Division of Labour for the First Year of the Joint Vienna Institute



Source: IMF, 'The Joint Vienna Institute – Recent Developments and Request for Appropriations', Prepared by the IMF Institute and Budget and Planning (EBAP/92/128), IMF, Washington DC, 21 July 1992.

As the development of the JVI's course structure illustrates, the activities of international training organisations are never value neutral. Rather, the courses they teach serve to diffuse normative standards for a state's macroeconomic policy framework and may legitimize certain policy instruments and goals (such as privatization, financial liberalisation, flexible labour markets, and so on) and delegitimize others (such as alternatives to neoliberal reforms). Moreover, through providing an intermediate avenue to further facilitate the diffusion of global policy norms to national policy communities, this process also contributes to the constant production and reproduction of neoliberal economic governance frameworks as a universally-valid technology of political and bureaucratic authority (Fourcade 2006: 156). In particular, professional training exerts a powerful influence on how policy actors make sense of the environment in which they seek to act, and how they identify and diagnose the nature of the problems they seek to act upon (Chwieroth 2008: 134, 2007: 10). Because the JVI acts as a conduit for the naturalization of neoliberal economic ideas and global policy norms among post-communist officials, its training activities are significant because they provide alumni with a ready-made policy toolkit that is compatible with the policy trajectories that the IMF, the World Bank, and other global governance institutions promote through their own policy dialogue, economic surveillance, and lending programmes. The gradual intellectual socialization of individual officials has a less immediate and less observable impact on a country's policy orientation than the implementation of explicit policy conditions in return for IMF and World Bank loans. However, the JVI's activities have had an important impact through encouraging the development of a transnational policy network of officials who share an intellectual commitment to similar policy prescriptions and a common cognitive paradigm about how market economies work, even if they face distinct policy challenges and political constraints within their own societies.

While the JVI's training courses necessarily narrow the range of policy alternatives that participants might subsequently consider appropriate, the JVI sees itself as an organisation that provides an important educational service that has helped to resolve a collective action problem for contemporary global governance between the major international institutions involved with shaping the post-communist transformation in Europe and the former Soviet Union. Yet the founders of the JVI did not intend it to function as a university or simply as a provider of graduate-level courses in economics. Rather, in the eyes of sponsoring organisations the JVI's comparative advantage over other training bodies is considered to lie in its capacity to tailor courses for post-communist officials that would help them to apply advanced economic models and analysis to practical policy-oriented issues. In short, the JVI has provided an intermediate link between the big ticket policy reforms championed by global governance institutions such as the IMF and the World Bank, and the gradual acceptance of global policy norms by post-communist elites.

According to the current Director of the Joint Vienna Institute (phone interview with E.H. Hochreiter, 23 Oct. 2008), today the JVI continues to see its core role as a unique training organisation that is able to offer courses that combine theoretical economic analysis with a hands-on approach to addressing current policy problems, training which can immediately be applied by participants within their own national policy environments. In addition, the JVI aims to provide a 'one-stop shop' where national officials can participate in training offered by experts from a variety of institutions under one roof, courses which are informed by the comparative

policy knowledge and expertise of teaching staff in providing technical assistance and economic advice on the ground in former centrally-planned economies. While the JVI initially drew largely on the reputation for technical expertise of its sponsoring institutions, a key ongoing aim for the organisation has been to build and protect the integrity of its own reputation as a provider of 'instruction of the highest standard' to assist economic transition in former centrally-planned economies. The JVI's curriculum has evolved quickly following its creation, and as the process of economic transformation in post-communist countries gradually advanced the JVI's courses have become more sophisticated and specialized. For example, the JVI no longer offers the introductory-level basic economics courses that it first offered to participants in its early years, which have been replaced by a more advanced 10-week Applied Economic Policy course that is taught jointly by member organisations of the JVI, while curriculum development is ongoing and new courses are regularly introduced to incorporate feedback from participants. Despite this flexibility, however, from a critical political economy perspective the JVI's current curriculum circumscribes the scope of policy imagination within post-communist policy communities (Joint Vienna Institute 2009). This serves to delimit the range of 'thinkable' policy tools and appropriate policy goals available to national officials, thereby helping to channel the continuing development of post-communist economic governance frameworks in a market-based direction.

### **Intellectual socialization through the JVI**

By providing an interactive learning environment dedicated to the transmission of global economic policy norms to individual policy actors, the JVI facilitates three micro-processes of socialization: mimicking, social influence, and persuasion (Johnston 2008: 23-6). Particularly in its early years when many post-communist officials were novices with respect to market-based systems of economic governance, the JVI's training programme communicated economic policy instruments and goals that participants could copy as a means of adapting to the uncertain economic environment they faced at home. In addition, by helping to foster a transnational policy network among participants, JVI courses have also created a supplementary form of peer pressure to conform with market-based policy behaviour in practice, even if this might not involve a substantive change in actors' private policy preferences. Finally, through policy training at the JVI national officials undergo a cognitive learning process that is concentrated on redefining their basic understanding of cause-and-effect relationships with respect to economy policy, which involves the internalization and acceptance of new values and norms.

Rather than a short-term process of change, the evolution of the JVI's role and the high participation rate in its training programmes suggests that the institution represents a longer-term process of intellectual socialization that might gradually increase conformity with global policy norms among post-communist economies. Despite the original agreement to create the JVI as an independent international organisation containing a sunset clause whereby the JVI would close its doors in 1999, the Austrian authorities and the five founding international institutions agreed to extend its operations until 2004. After the World Trade Organisation joined the JVI in 1998, the Austrian authorities and the IMF signed a *Memorandum of Understanding* in 2001 to make the JVI a permanent international organisation, and to provide the JVI with new training facilities and student accommodation. The Agreement Establishing the Joint Vienna Institute was subsequently amended in 2003, which altered the JVI's governance arrangements with the Austrian authorities and the IMF becoming Primary Members that each share equal financial responsibility for the JVI's operating costs and each appoint two members and two alternate

members to the JVI's Executive Board. Four of the remaining parties to the agreement became Contributing Members (the World Bank, the OECD, the EBRD and the WTO), which each assume operating costs for the JVI courses they coordinate and appoint one member and one alternate member to the Board, while the JVI continues to receive financial support from donor countries (Joint Vienna Institute 2003).

By fostering individual-level socialization into a common normative structure, the JVI's training activities continue to reinforce more formal processes of policy convergence and international socialization among post-communist economies (cf. Schimmelfennig 2000: 112), such as IMF- and World Bank-sponsored loan programmes and policy convergence criteria for EU candidate states. However, with the level of 'transition' to a market-based economy quickly varying between different groups of former centrally-planned economies, the JVI now tailors its courses to different levels to more effectively augment these broader convergence processes. In particular, the JVI has played an important role in providing specific policy training tailored for officials in European Union (EU) candidate countries, to help these countries prepare for the institutional requirements of EU membership (cf. Johnson 2006a: 363). For instance, the European Commission has organised courses through the JVI on Applied Economic Policy for EU Candidate Countries' Officials, while the Oesterreichische Nationalbank has run courses on monetary policy and economic and monetary integration in Europe (Joint Vienna Institute 2004). These courses serve to increase the level of familiarity among officials from EU candidate countries with the economic and monetary union project, and help to widen the scope of the European monetary policy consensus (McNamara 1999: 144-5). In addition, the JVI has sought to foster a transnational policy network through continuing to organise seminars in post-communist countries, workshops and policy conferences, as well as hosting an annual JVI lecture.

From the institution's own perspective, the main challenges the JVI faces in the future include the need to continue to upgrade the sophistication of its training services to keep pace with the knowledge demands of officials in former centrally-planned economies, especially as the policy problems that officials must address become more global as post-communist countries are more tightly integrated into the global economy. The JVI is also exploring the possibility of gradually expanding its teaching to include more participants from outside the former centrally-planned economies in Europe and Asia, which depends upon maintaining the reputation it has already established for the unique JVI 'brand' of instruction as a provider of high quality practical courses in market-based economic policymaking, as well as the continued support of its institutional members. The JVI expects that the geographical expansion of its teaching beyond participants from the former centrally-planned economies is likely to result from the increasing sophistication and specialisation of course topics, many of which now aim for a more global audience rather than being targeted solely at officials and policymakers from post-communist countries (phone interview with E.H. Hochreiter, 23 Oct. 2008).

Despite the relatively low level of attention that international training organisations have so far received from global governance and policy diffusion scholars, from the foregoing discussion the JVI's intellectual role can be considered important for the following four main reasons. First, and perhaps most important, because of its relatively low overhead costs compared with the greater financial outlays required for multilateral loans and economic aid, the JVI constitutes a cost-effective means to encourage ideational change among individual officials. Initially established to provide policy guidance and training to post-communist officials who were in the

process of effecting systemic economic and institutional change, the diffusion of neoliberal economic ideas through JVI courses has influenced the process of post-communist transformation through providing national officials with a ready-made neoliberal toolkit to reduce policy uncertainty in the midst of an economic crisis. In addition, because the JVI occupies an intermediate stage of intellectual socialization (see Figure 1), the institution's activities have potentially helped to redefine how national officials perceive their interests, thereby enabling new trajectories for institutional reform and stabilizing new economic policy frameworks over time through the generation of new economic conventions (see Blyth 2002: 35-41). In short, the JVI's activities have further contributed to the naturalization of the post-communist 'transition' to market-based economies.

Second, the JVI is important because it provides a 'one-stop shop' for economic policy training, allowing the collective expertise of a range of global governance institutions and national agencies to be pooled in a training curriculum that aims to match teaching in economic theory with practical training geared towards solving national policy problems. In essence, the JVI has helped to foster the ideational conditions necessary to increase national acceptance and implementation of the big ticket policy reforms championed by institutions like the IMF and the World Bank, as well as EU convergence criteria. Third, the establishment of a new international training organisation with the resources to teach large numbers of policymakers and that is focused on post-communist officials has enabled a coordinated and focused training programme that alleviated some of the risk of overlap between multiple international institutions and national agencies each offering their own training programmes. As such, international training organisations like the JVI provide an important case study of ongoing cooperation among global governance institutions. Finally, by bringing together officials from a range of countries in a common training programme the JVI has contributed to the development of a transnational policy network among post-communist officials that has helped to embed a neoliberal approach to national economic governance in many post-communist economies, such as in the areas of monetary policy and the diffusion of the idea of central bank independence or corporate governance and the privatization of state-owned firms (see Marcussen 2005: 918; cf. Johnson 2006b: 97). In this respect, the JVI's training activities have increased the number of 'sympathetic interlocutors' within post-communist economies (Woods 2006: 72-3), officials with whom World Bank and IMF staff are able to team up to jointly persuade other actors in national policy communities to strengthen their commitment to implementing – and maintaining – market-based economic reforms.

## Conclusion

International training organisations such as the Joint Vienna Institute do not wield coercive power and influence in the traditional sense that is often associated with the controversial role of global governance institutions such as the IMF and the World Bank. Yet the professional training individuals receive matters greatly for how they construct causal interpretations of how economies work, as well as how they conceive economies ought to be organised. Through micro-processes of socialization such as mimicking, social influence, and persuasion, the JVI has played an important *intermediate* role in influencing the subsequent policy practices of the 23,000 policymakers and officials who have passed through its doors to receive policy-oriented economic training over the last decade and a half.

This intellectual influence is significant for two main reasons. First, the JVI's activities have encouraged the further development and stabilization of market-oriented policy frameworks and neoliberal economic institutions in individual former centrally-planned economies. Second, the JVI has contributed to the creation of a transnational policy network that has helped to embed a common market-based approach to economic governance across many – though by no means all – post-communist economies, by encouraging the naturalization of the transition to a liberal capitalism system as the only practical path for former centrally-planned economies. The development of a transnational policy network has also been stimulated through strengthening cooperation between the global governance institutions and national central banks that are involved in delivering JVI courses, and by orienting training towards the policy criteria involved in EU accession and IMF and World Bank loan programmes.

An important point to conclude with is to note that, unlike the large lending institutions such as the World Bank and the IMF, policymakers do not simply turn to the JVI in times of economic distress when they are in need of emergency financing. Rather, the demand among policymakers and other national officials for the JVI's training services has continued to remain high, long after many of their countries have largely ceased to depend on external financing to meet the crippling budget deficits and economic challenges they experienced during the early years of the post-communist 'transition'. It is therefore important to investigate how global governance institutions operate beyond the short-term horizons of specific IMF or World Bank reform programmes in order to gain greater analytical purchase on long-term processes of intellectual socialization and institutional change. Rather than an immediate result from the application of policy conditionality within a formal loan agreement, institutional change over a long-term horizon is more likely to be consolidated via increased social interaction between national and international policy elites, which can facilitate the steady reconfiguration of actors' material incentives through the gradual acceptance of new cognitive frameworks and normative standards for policy behaviour. This suggests the need for further study both of the role that international training organisations such as the JVI have played in intermediate processes of intellectual socialization within national policy communities, and how the ideational functions of the JVI have become interlinked with more formal policy convergence processes such as those generated by the institutional requirements that candidate countries must achieve to fulfill EU membership criteria.

## Notes

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